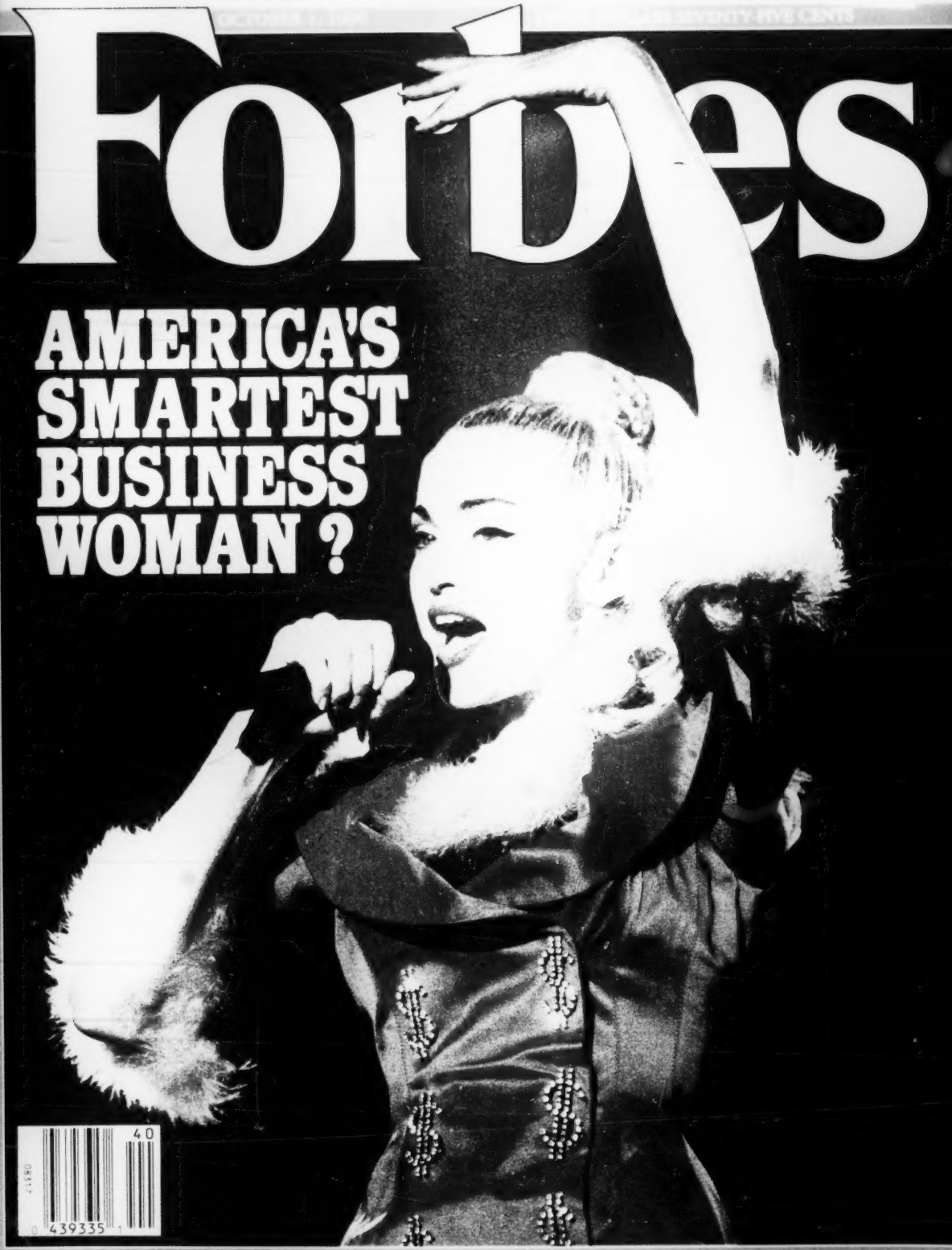
THE WORLD'S HIGHEST PAID ENTERTAINERS

CHRYSLER'S SURVIVAL STRATEGY

DOING DEALS WITHOUT JUNK

Forbes

AMERICA'S SMARTEST BUSINESS WOMAN ?



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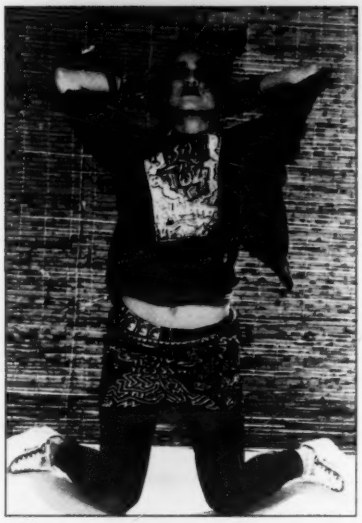

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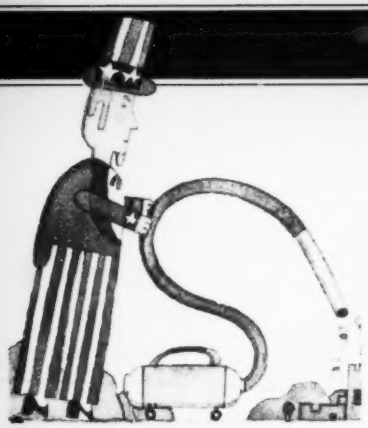

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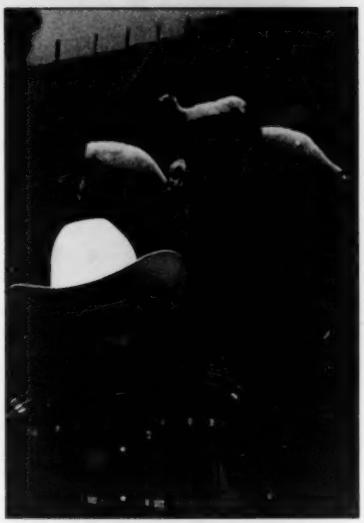

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Cover photo by John Rocard

The Forbes Index

With all but one component reporting, the July Forbes Index is unchanged. The great American job-creation machine seems to be slowing down. The August unemployment rate rose to 5.6% of the eligible work force, while nonfarm payrolls fell 75,000, to a seasonally adjusted 110.7 million workers. This drop, small but disconcerting, follows a decline of 89,000 in July. The last time the work force declined for two consecutive months was from November to December 1982, just when the economy was emerging from a recession. Will we be so lucky this time?

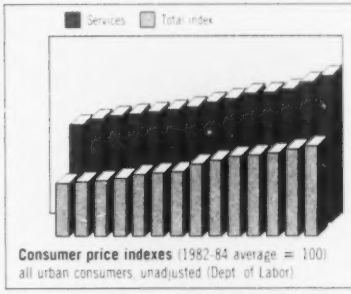
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	-5.5%
Index of leading indicators July vs. June	Dept. of Commerce	0.0%
Trade balance 12 months ended June 1990	Dept. of Commerce	$101 bil
Producer price index July vs. 1989[2]	Dept. of Labor	3.4%
GNP 2nd quarter vs. 1st—annualized growth	Dept. of Commerce	1.2%
NBER Experimental Recession Probability Index[3]	Natl. Bureau of Economic Research	3.0%

[1]U.S.-based manufacturers; excludes imports, as of 8.31.90. [2]Finished goods. [3]July 1990.

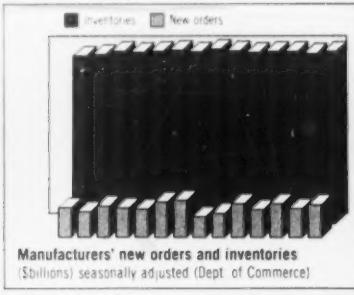
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

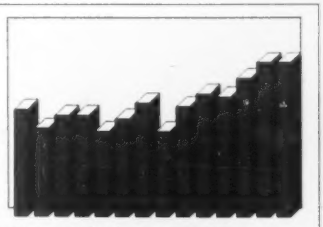
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



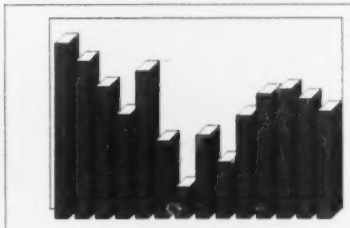
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



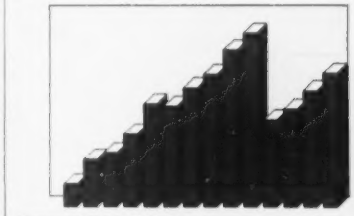
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



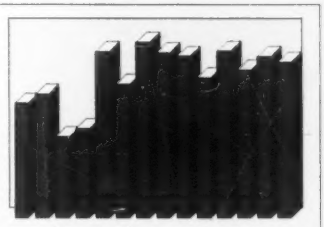
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



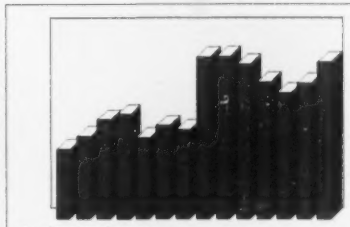
New housing starts (thousands) privately owned unadjusted (Dept. of Commerce)



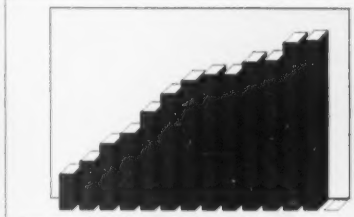
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Gone are the days when studios could hire star names for "bargain" salaries like $3.5 million per flick. You want a big name today, you make him or her your partner.

Golden boys and girls

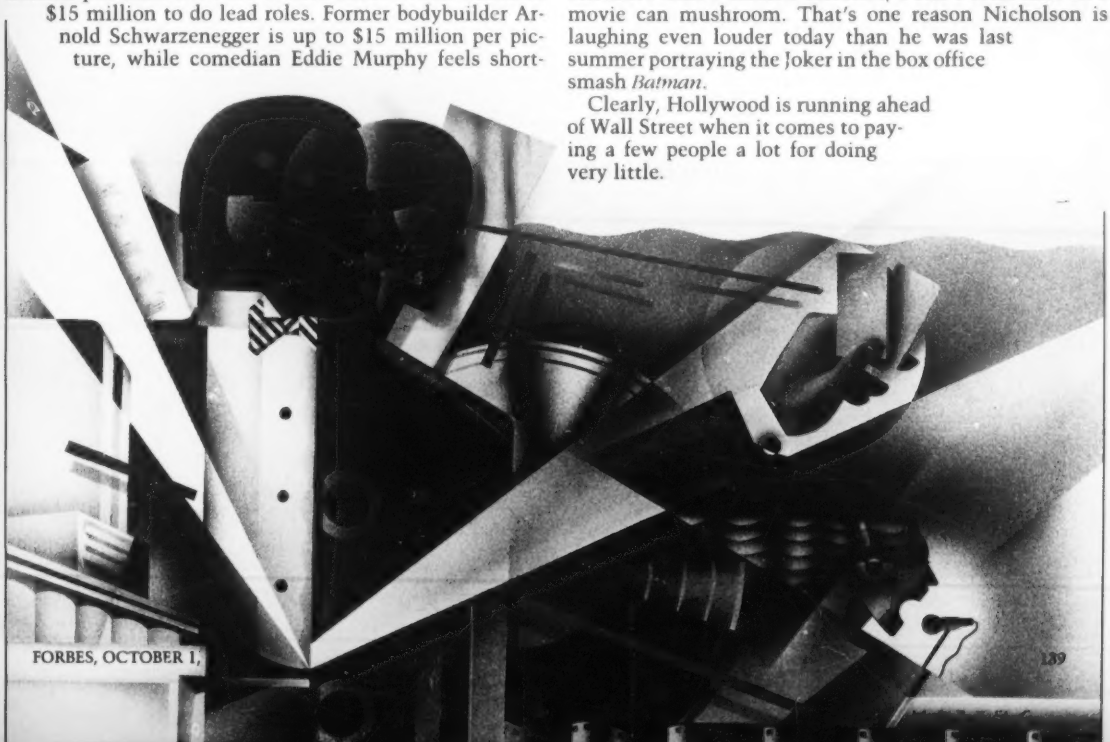
By Peter Newcomb
with Matthew Schifrin

DISNEY WAS bubbling two years ago. The Hollywood entertainment giant had just landed movie actor Tom Cruise for its picture *Cocktail*. And for "only" $3.5 million.

That's a bargain? Paying an actor $3.5 million plus a percentage of the box office take for 14 weeks' work? By movie standards, yes. Today Cruise is said to be asking $10 million per flick. *Die Hard 2* hero Bruce Willis demands $15 million to do lead roles. Former bodybuilder Arnold Schwarzenegger is up to $15 million per picture, while comedian Eddie Murphy feels shortchanged by getting only $12 million for a single role. After all, Sylvester Stallone got $25 million for *Rocky V*, scheduled to be released in November.

Stars are also demanding a slice of revenues from the home video versions of the movies. Murphy, Schwarzenegger and Jack Nicholson can command more than 10% of a studio's videocassette income. With blockbusters that sell more than 5 million cassettes, a star's total take on a movie can mushroom. That's one reason Nicholson is laughing even louder today than he was last summer portraying the Joker in the box office smash *Batman*.

Clearly, Hollywood is running ahead of Wall Street when it comes to paying a few people a lot for doing very little.



Illustrations by John Mattos

Is it any wonder then that five new members of this year's Forbes Top 40 are direct beneficiaries of this new pricing system? Sean Connery, Cruise, Michael Douglas, Willis and *Indiana Jones* star Harrison Ford all got onto the list in part because they went for a share of the profits on movies they act in.

The new financial calculus has changed the way Hollywood's big studios make movies. Growing more rare are films such as *Cocktail*, which made big profits for its backers because it was produced for just $17 million—peanuts by current Hollywood standards. Nowadays it isn't unusual for a film to cost upwards of $40 million, and that's before the distributor spends a further $10 million to $20 million to promote the film and get it to the movie houses.

What's new, however, is that, like Wall Streeters, some of today's box office stars are waiving large up-front salaries for a bigger piece of the box office gross. Schwarzenegger, for instance, passed on a salary for the 1988-89 hit *Twins* in order to get an estimated 15% of the movie's box office receipts, giving him a back-end payment of $17 million or so. Tom Cruise waived a huge salary and worked for minimal pay in Oliver Stone's *Born on the Fourth of July*. Cruise's share of the gross—including videocassette sales—earned him an estimated $10 million.

This trend shows actors' increasing financial savvy, but it also can be seen as a reaction to the huge up-front costs that movie studios are incurring. With many big-budget films having trouble making a profit these days, don't be surprised if studios someday start pushing back-end payments in lieu of hefty salaries. What better way to keep costs down and make more reasonably priced flicks?

At the rate things are going in Tinseltown right now, however, a $40 million movie may sound like a bargain. It has been predicted that the total cost of Francis Ford Coppola's *Godfather Part III* could reach $70 million. Complains Mace Neufeld, who produced this year's hit *The Hunt for Red October*: "I don't see how it can escalate much more without making films economically unfeasible. How many *E.T.*s are there?"

Hollywood producers have been complaining about escalating costs for at least 50 years. Yet the movie industry keeps getting richer and richer. Adam Smith wouldn't be mystified. The market for movie entertainment has grown exponentially, and so have the potential rewards for big hits. Therefore, since star names increase the chances of having a hit, the sky becomes the limit for stars who can produce global box offices.

As affluence has spread throughout Western Europe and East Asia, new audiences have been created. Technology has helped expand the market. Because of global communications, a performer who is a big star in one place can quickly become a big star anywhere in the world. On top of that, adolescents and children today have greater amounts of disposable income, and they are big moviegoers.

As the movie business has gone global, so, too, has the record industry. Says entertainment attorney John Branca: "A poll taken of Soviet music fans put the Rolling Stones and Michael Jackson on top of their list."

Jackson and the Rolling Stones remain near the top of the FORBES list as well. After raking in nearly $100 million in ticket sales last year from their Steel Wheels tour of North America, the Stones rolled their show to Japan and then Europe. The profitable tours combined with record sales put the Stones at the third spot on this year's list. Jackson slipped from first place to second this year, but, with a new record expected, he will likely make another strong showing on next year's Top 40 list.

New records and concert tours helped veteran rockers Paul McCartney and Billy Joel make the grade after falling off in recent years. Janet Jackson, little sister of second-ranked Michael, landed on the list at the 26th spot thanks to her new album and tour, *Janet Jackson's Rhythm Nation 1814*.

Nobody's music videos seem to have gotten more airtime in the past year than cheerleader-turned-video-star Paula Abdul, 28. Abdul's debut album went number one and sold over 11 million copies. Her clean and sassy image made her a hit with youngsters while the dance-oriented music attracted an older, club-hopping audience as well. Peddlers of trendy goods hitched themselves to her rising star: L.A. Gear signed the former Los Angeles Lakers girl to an estimated $12 million endorsement deal. In all, Abdul made an estimated $23 million over the past two years, good enough to put her in the number 33 spot on our list.

The biggest splash of all in this year's ranking was made by the teen dance group New Kids on the Block. The fivesome jumped from oblivion to the number five position. The clean-cut Kids helped bring Columbia Records out of the doldrums, selling more than 20 million records in just

Tallying the score

As usual, FORBES' list of the top 40 entertainers is based on the stars' gross earnings over a two-year period. Thus, projected earnings for this year are added to last year's take. This tends to smooth out the inevitable lumps in entertainers' income. Movies, concert tours or albums can be a year or more in the making, so most artists' earnings are sporadic. And remember, these are earnings before such expenses as taxes and a manager's fixed cut.

In estimating an entertainer's gross income, FORBES talks with industry executives, lawyers, agents and managers. Earnings figures for recording artists are based on royalty payments from record and video sales, as well as estimated pretax gross on concert tours. While a band might take in $30 million in ticket sales, most are lucky to walk away with 25% of that after covering basic tour costs. Our figures take into account expenses like travel, lighting and staging, as well as technicians' and stagehands' pay.

over two years. Their current tour is packing concert halls nationwide, and a movie is set to go into production at the beginning of next year. New Kids merchandise—such items as T shirts, lunch boxes and calendars—flew past the quarter-billion-dollar mark this year, and depending on what happens at Christmas, that number could be much higher.

The New Kids' success is largely attributable to the ever-richer market among kiddoes—some of them barely out of diapers (FORBES, *June 11*). The audience is so attractive that Walt Disney Records is making a strong pitch for the 3-to-11-year-old market. Among Disney's new acts is Christa Larson, an 11-year-old singer from the national tour of *Les Miserables*. Christa sings and dances to carefully choreographed numbers such as "The Girls on Minnie's Street." Maybe—just maybe—Christa could make the FORBES list someday.

It's said that nobody makes money on Broadway anymore, but producer Cameron Mackintosh proved that maxim flawed. Mackintosh staged the hit musical *Les Miserables*, and his play *Miss Saigon*, though having difficulty opening here, has been a smash abroad. He joins Andrew Lloyd Webber, who until this year had been the list's only Broadway representative.

Number one on our list? Comic Bill Cosby. Despite another box office underachiever, this summer's *Ghost Dad*, and a less than glorious career as a jazz musician, Dollar Bill goes on and on. His number one status should be safe for now: Cosby collects some $4 million a month from syndicated reruns of *The Cosby Show*.

While a handful of stars stuff their portfolios with investments, the money men in the entertainment business are holding their collective breath. This Christmas at least five movies costing a minimum $40 million each will be battling it out for moviegoers' dollars. It's doubtful all of them will do the $80 million to $90 million needed to break even. "Christmas will be a shootout," film producer Robert Cort admits. "Some people will get hurt. It's just a matter of who."

One thing is certain: It won't be the top performers. ■

Supernovas

Like the ones in the sky, Hollywood stars constantly burn out. Eleven stars dropped off the FORBES entertainers list this year. The usually hard-working Bruce Springsteen, on the list since its inception in 1987, took time off from touring and releasing records and instead pursued family life. His new flame, former backup vocalist Patti Scialfa, gave birth to Evan James Springsteen in July.

Another Forbes Top 40 veteran, aerobicist-actress Jane Fonda, also leaves the list. Her much delayed movie, *Old Gringo*, failed miserably last year, and sales of her lucrative workout videos have finally cooled somewhat. On a happier note, Jane's new boyfriend, Ted Turner, should be able to help her make her money work harder.

After splashing onto the list last year, British rock singer Rod Stewart falls off. With no concert tour, raspy Rod couldn't keep pace. Also off the list is comic actor Bill Murray. Murray made the list primarily from his share of *Ghostbusters* profits and the estimated $8 million he got for his role in *Scrooged*. Unfortunately, the film barely broke even, and his latest movie, *Quick Change*, also fizzled. Murray, a renowned baseball fan, goes the way of his beloved Cubs.

Gone from this year's ranking are boxers Mike Tyson and Sugar Ray Leonard. In past years FORBES lumped athletes with the entertainers. But professional sports is a big enough business to be monitored separately, which we did in our Aug. 20 issue. Tyson and Leonard are on FORBES' list of the world's highest-paid athletes.

Barbara Walz Outline

Bill Murray

Terry O'Neill Sygma

Rod Stewart

Jeff Slocomb Outline

Jane Fonda

Neal Preston Outline

Bruce Springsteen

WILLIAM H. COSBY JR.

2-year total income: $115 million

(1990: $55 million; 1989: $60 million)

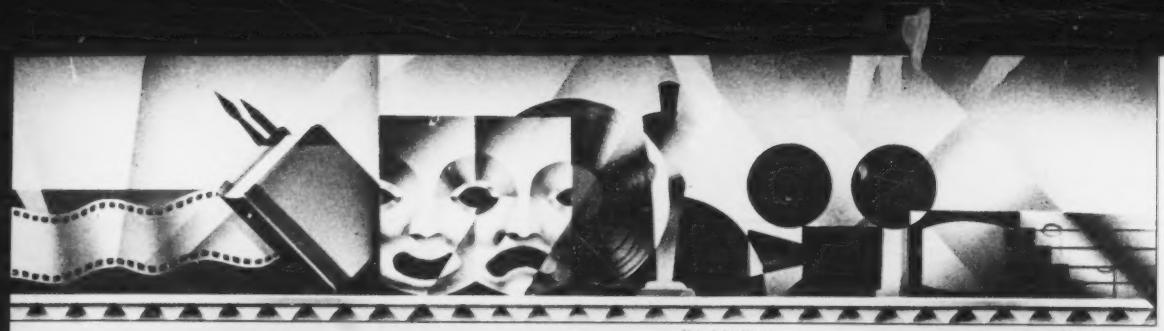
Cosby leaped back atop FORBES' list of the world's richest entertainers this year after a two-year absence from the top spot (he was third on last year's list). The cigar-chomping minicon-glomerate writes books, performs live stand-up comedy acts, produces television shows and makes records as a jazz musician. He's also one of America's favorite product spokesmen, with his endorsements for JELL-O and Eastman Kodak.

But his movies are still financial and critical letdowns: this year's *Ghost Dad* and his 1987 bomb, *Leonard Part VI*. Luckily for his expensive habit of collecting Colonial American furniture, the 53-year-old comic still rakes it in on syndicated television reruns of *The Cosby Show*—an estimated $4 million a month. Ominously, however, ratings for *Cosby* reruns were poor last season, and this fall the show on SBC airs opposite Fox' animated hit, *The Simpsons*. Tough competition. Bill

MICHAEL JACKSON

2 year total income: $100 million **(1990: $35 million; 1989: $65 million)**

With no tour and no new album, Jackson's earnings fell by almost half this year. That knocked him out of the top spot, which he had occupied two years running on the strength of his *Bad* platter, released through CBS' Epic Records, and concert tour. Don't fret for Michael. His endorsement deals will keep the cash rolling in until his next album hits the stores, probably next year.



Dallas Safari Agency

Mark Seliger/Outline

THE ROLLING STONES

2-year total income: $88 million (1990: $44 million; 1989: $44 million)

The Stones catapulted into third place this year, up from eighth, thanks largely to their Steel Wheels concert tour. In North America alone, more than 3 million fans paid a total of $98 million to see the 2½-hour spectacle. The band also drew huge crowds in Japan and Europe. The relationship between band leaders Keith Richards, 46, and Mick Jagger, 47, may have been strained over the years, but it sure is profitable.

STEVEN SPIELBERG

2-year total income: $87 million

(1990: $23 million; 1989: $64 million)

Producer-director Spielberg, 42, enjoyed success with his *Arachnophobia* chiller this summer. But there were no blockbusters to rival his past triumphs like *E.T.*, *Jaws* and *Raiders of the Lost Ark* and sequels. These days he's engrossed with animated films, working with Warner Bros. and its Looney Tunes characters.

S. Uncroft/Sygma

NEW KIDS ON THE BLOCK

2-year total income: $78 million (1990: $61 million; 1989: $17 million)

Newcomers to the FORBES list, these five clean-cut youngsters have been making preteen girls swoon by the millions. Columbia Records is dancing to the beat, too, having sold more than 20 million New Kids records in two years. The Kids are even bigger phenoms in licensing: T shirts, lunch boxes and the like could bring $400 million (retail) of business at the cash register this year.

Tom Wood/Outline Agency

OPRAH WINFREY

2-year total income: $68 million

(1990: $38 million; 1989: $30 million)

The queen of TV talk shows saw a healthy jump in earnings this year. When Oprah, now seen in 13 countries, takes on child abuse, the whole world watches (see box, p. 166).

SYLVESTER STALLONE

2-year total income: $63 million (1990: $25 million; 1989: $38 million)

Stallone, 44, claims he wants to shed his musclehead image, but his action-packed flicks speak otherwise. Star of four Rocky movies, he filmed *Rocky V* earlier this year, and the Tinseltown rumor mill says that he may do a fourth *Rambo* movie before long. When you can get $25 million per movie, who wants to be an egghead?

MADONNA

2-year total income: $62 million

(1990: $39 million; 1989: $23 million)

For this Bay City, Mich. businesswoman, 1990 has been the most materially rewarding year yet. See page 162.

ARNOLD SCHWARZENEGGER

2-year total income: $55 million (1990: $20 million; 1989: $35 million)

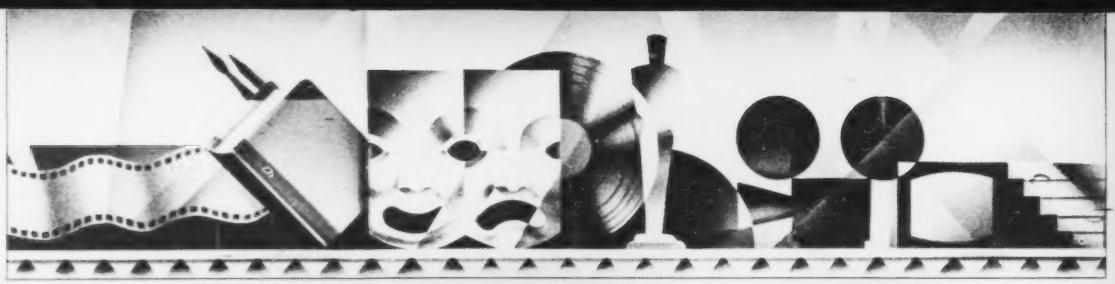
Bodybuilder Schwarzenegger, 43, has become one of America's biggest box office draws. Schwarzenegger's sci-fi slaughterfest *Total Recall* was one of this summer's top movies. Most of his 1990 earnings came in the form of an estimated $15 million paycheck for playing the lead in *Terminator 2*.

CHARLES M. SCHULZ

2-year total income: $54 million

(1990: $26 million; 1989: $28 million)

Schulz' "Peanuts" remains the world's number one comic strip, and the licensing champ, too. Peanuts characters grace everything from bandages to inflatable pools. And Charlie Brown may have a girlfriend.



JOHNNY CARSON

2-year total income: $50 million

(1990: $25 million; 1989: $25 million)

Carson, 64, has felt the pinch of late-night rival Arsenio Hall. NBC is said to have given Carson one of TV's most lucrative contracts—an estimated $25 million per year.

JACK NICHOLSON

2-year total income: $50 million **(1990: $16 million; 1989: $34 million)**

Nicholson, 53, inched up from 13th place. His third directorial effort, *The Two Jakes*, got a cool reception this summer, but he's still counting merchandising booty from last year's *Batman*. Having played the devil (*The Witches of Eastwick*) and the Joker, he's now set to star in a film on Napoleon.

EDDIE MURPHY

2-year total income: $48 million

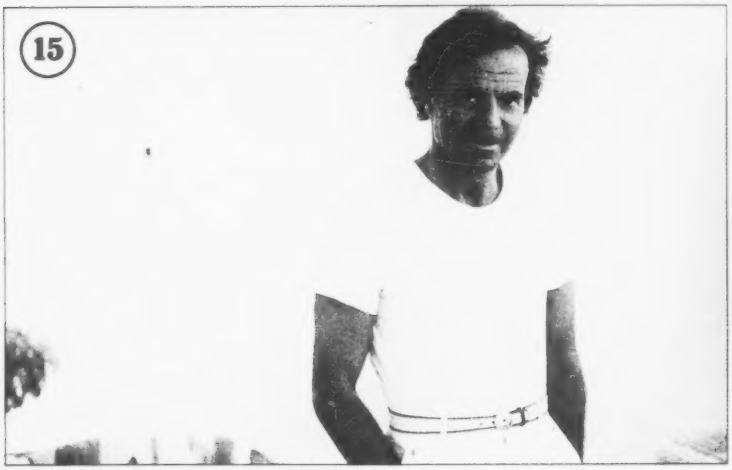
(1990: $26 million; 1989: $22 million)

You can't say Eddie Murphy isn't ambitious. The perpetually grinning 29-year-old got Paramount to give him one of the sweetest deals in Hollywood six years ago. He now gets a guaranteed salary estimated to be $12 million per film for his next two films, plus a percentage of the gross. Even so, Murphy is rumored to be shopping for a new deal.

PAUL McCARTNEY

2-year total income: $45 million **(1990: $34 million; 1989: $11 million)**

The ex-Beatle embarked on a yearlong tour last September, flogging many of the group's tunes for the first time since its 1970 breakup. Predictably, the graying moptop drove the crowds wild—and brought in about $1 million per show. Reportedly, McCartney panned the Stones' and the Who's sponsorship deals, but signed his own estimated $3 million-plus deal with Visa.



JULIO IGLESIAS

2-year total income: $44 million (1990: $22 million; 1989: $22 million)

At 47, Iglesias maintains one of entertainment's most rigorous touring schedules, playing about 150 shows around the globe year after year. Though his annual income held steady at $22 million, with about 8 million records sold last year, the crooner slipped four notches on the list, to 15.

THE WHO

2-year total income: $35 million (1990: $5 million; 1989: $30 million)

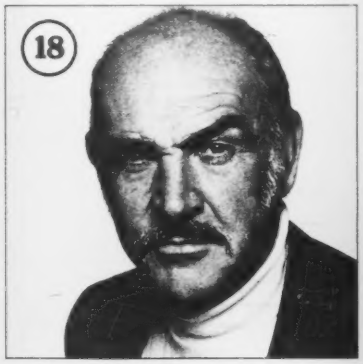
The legendary British rock group—Roger Daltrey, Pete Townshend and John Entwistle, now all in their 40s—is still coasting on income from the 25th anniversary tour last year. The Who still perform their 1965 hit "My Generation," complete with key lyric: "Hope I die before I get old." Never trust anyone over 30.

BRUCE WILLIS

2-year total income: $36 million

(1990: $28 million; 1989: $8 million)

A former New York bartender, Willis hit it big as the smart-aleck detective on TV's *Moonlighting*. He wasn't considered a film star when he got $5 million for 1988's *Die Hard*. For this summer's sequel, he got $7.5 million. He's getting $5 million for his role in the film of Tom Wolfe's *Bonfire of the Vanities*, due out by Christmas.

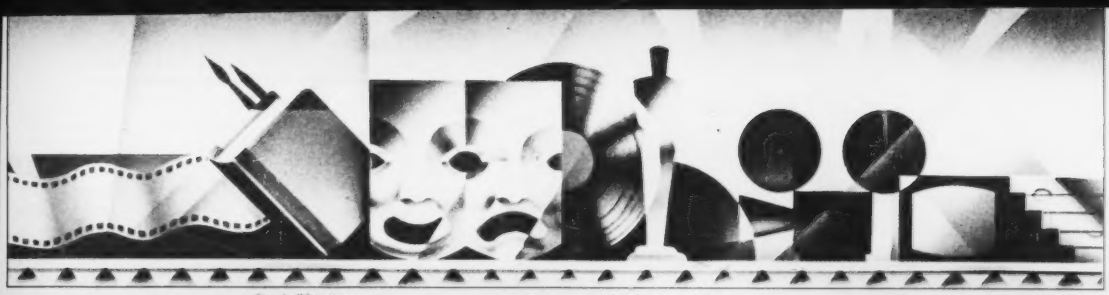


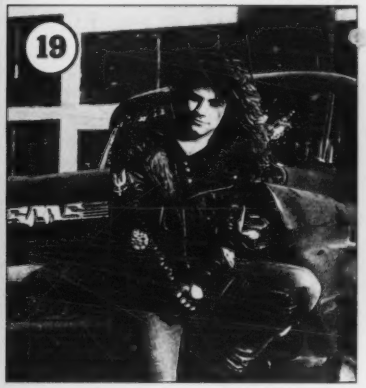
SEAN CONNERY

2-year total income: $35 million

(1990: $27 million; 1989: $8 million)

Remembered best as the original James Bond, Connery won an Oscar for his supporting role in *The Untouchables*. Since then he has stuck to thrillers, including *The Hunt for Red October* and *Russia House*, opening later this year. Next he will work on *The Stand*, a drama. Connery isn't getting older, he's getting richer.



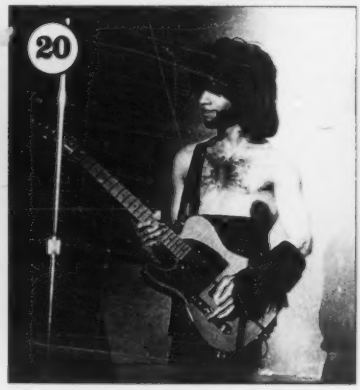


BON JOVI

2-year total income: $35 million

(1990: $10 million; 1989: $25 million)

Earnings dipped this year for the New Jersey rock group, partly because lead singer Jon Bon Jovi (né Bongiovi) had been working on the soundtrack to *Young Guns II*. While no new tour is in the immediate future, the group does especially well with concert merchandise, selling on average $12 worth to each concertgoer.



PRINCE (ROGERS NELSON)

2-year total income: $35 million

(1990: $15 million; 1989: $20 million)

This rock funkster from Minneapolis faded after *Purple Rain* with fey albums and bomb movies (*Under the Cherry Moon*). But last year, at age 31, he came back strong with the *Batman* soundtrack. That was enough to move him into the number 20 spot. This fall Prince is coming out with his next film and album, *Graffiti Bridge*.

MICHAEL J. FOX

2-year total income: $33 million

(1990: $23 million; 1989: $10 million)

After a serious acting stint in *Casualties of War* last year, Fox went back to playing boyish Marty McFly this summer in the third *Back to the Future*. Now the 29-year-old Canadian will star in *The Hard Way*, an action comedy due out this winter. Endorsements fattened his wallet, with Honda and Pepsi paying him millions.

BILLY JOEL

2-year total income: $32 million

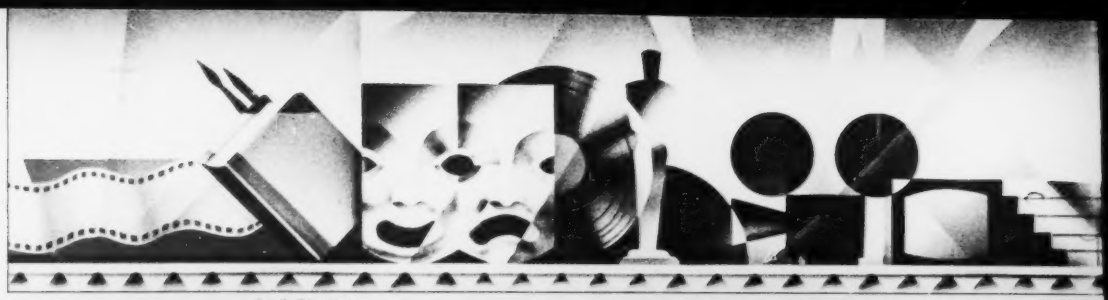
(1990: $26 million; 1989: $6 million)

Joel returns to the Top 40 thanks to his new rock album, *Storm Front*, a 5-million seller. His current tour, the first in three years, should gross over $40 million. In a lawsuit filed last year, Joel claims his former manager (and ex-brother-in-law) frittered away more than $10 million of the star's fortune on bad investments.

AEROSMITH

2-year total income: $31 million **(1990: $22 million; 1989: $9 million)**

This Boston rock quintet fell victim to drugs and alcohol in the late 1970s but then rose from the ashes after signing with Geffen Records in the mid-1980s. Ever since, they have been living straight and turning out multiplatinum albums. The band's tour this year should gross nearly $30 million.

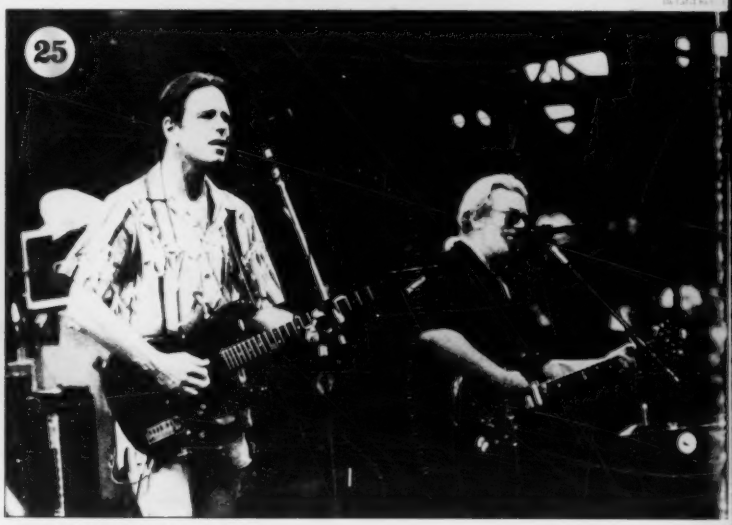


PINK FLOYD

2-year total income: $30 million

(1990: $5 million; 1989: $25 million)

Pink Floyd floated along this year, with no concert tour or fresh album to boost its coffers. Sales of golden oldies helped, including the band's 1973 psychotic rock album, *Dark Side of the Moon*, still a favorite with college students everywhere.



THE GRATEFUL DEAD

2-year total income: $30 million **(1990: $17 million; 1989: $13 million)**

The Dead have been kicking for a quarter century, playing to their cultish fans, Deadheads. After years of a laissez-faire attitude toward merchandising, the Dead now cash in on tie-dyed T-shirts, bumper stickers and buttons. Their new album, *Without a Net*, should be out in September on Bertelsmann Music Group's Arista Records.

JANET JACKSON

2-year total income: $30 million

(1990: $25 million; 1989: $5 million)

Janet Jackson, 25-year-old sister of pop singer Michael, debuts on the FORBES list this year. The source of her wealth? Her *Rhythm Nation* album (A&M Records), of which she sold over 6 million copies. Her current Rhythm Nation concert tour should gross more than $25 million.

SIEGFRIED & ROY

2-year total income: $28 million **(1990: $10 million; 1989: $18 million)**

A German-born illusionist team, Siegfried Fischbacher and Roy Horn have been raking in money on their live act, a sort of Liberace-meets-Houdini magic show, complete with lasers, rare white tigers and disappearing sequined chorus girls. In 1988 Las Vegas' Mirage hotel and casino signed them to a five-year, $58 million contract.

FRANK SINATRA

2-year total income: $27 million

(1990: $13 million; 1989: $14 million)

One of the first artists to have his own record label (Reprise), Sinatra, 74, hit the road in 1988 with the Ultimate Event tour featuring Liza Minnelli and the late Sammy Davis Jr. This year he teamed with old friend and unlikely songster Don Rickles. He also bought an AM/FM radio station in Casa Grande, Ariz., and changed its call letters to KFAS (for Francis Albert Sinatra).

TOM CRUISE

2-year total income: $26 million

(1990: $19 million; 1989: $7 million)

This 28-year-old heartthrob has shown financial savvy, working for minimal pay in last year's hit *Born on the Fourth of July* in exchange for a bigger piece of box office receipts. Likely take: $10 million. He took an estimated $9 million up front for this summer's *Days of Thunder*.

U2

2-year total income: $25 million

(1990: $5 million; 1989: $20 million)

After three straight years of strong commercial presence, 1990 proved to be a quiet year for this Irish rock quartet; they dropped 9 slots from last year's number 21 ranking. U2 is working on another album, but with no release date set, the band next year could fall off the list.

MICHAEL DOUGLAS

2-year total income: $24 million **(1990: $15 million; 1989: $9 million)**

Douglas, 46, has done his father, Kirk, proud, producing *One Flew Over the Cuckoo's Nest* 15 years ago. He has emerged as unquestionable box office gold, starring in *Wall Street* as well as *Fatal Attraction*. Little wonder he's getting an estimated $14 million to star in the upcoming *Basic Instinct*.

ANDREW LLOYD WEBBER

2-year total income: $24 million

(1990: $12 million; 1989: $12 million)

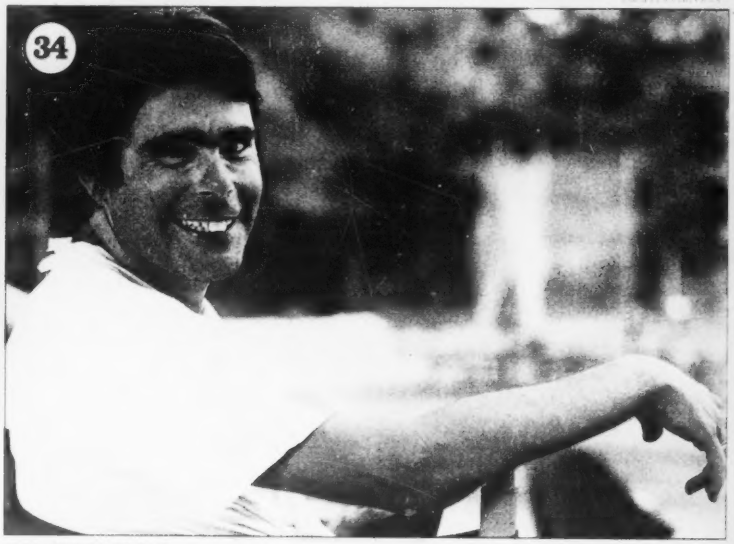
Now 42-year-old Lloyd Webber is trying to go Hollywood, planning movie versions of his hit Broadway musicals *Cats* and *Phantom of the Opera*. The film adaptation of *Cats* will be an animated feature, with Steven Spielberg's Amblin Entertainment. Look for Lloyd Webber to move further up the list.

PAULA ABDUL

2-year total income: $23 million

(1990: $14 million; 1989: $9 million)

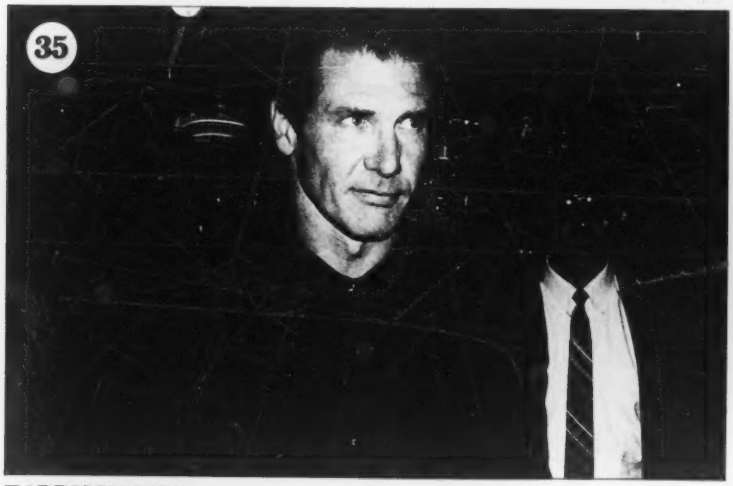
Abdul, 28, left the Los Angeles Lakers' cheerleading squad, and became hugely successful last year thanks to impeccably choreographed music videos. Her debut album sold more than 11 million copies worldwide. Abdul's endorsements include Reebok, Diet Coke and an estimated $12 million deal with L.A. Gear.



STEPHEN KING

2-year total income: $22 million **(1990: $12 million; 1989: $10 million)**

America's best-paid author, King signed a four-book deal with Viking Penguin in 1988 said to be over $35 million. Master of the macabre (*Carrie, The Dead Zone*), King has more than 80 million books in print. Paramount is planning the movie *Stephen King's Graveyard Shift* for Halloween release.



HARRISON FORD

2-year total income: $22 million **(1990: $13 million; 1989: $9 million)**

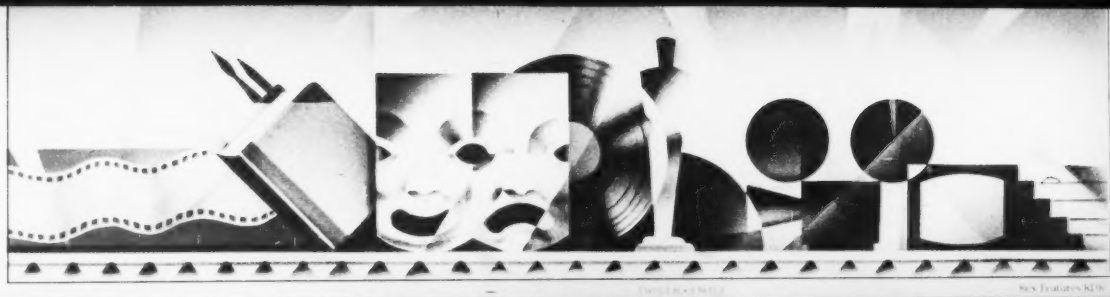
Ford, 48, has starred in six of Hollywood's top-ten box office hits, including three *Star Wars* flicks and three *Raiders of the Lost Ark* sagas. This summer's *Presumed Innocent* from Warner Bros. may not break into that top-ten roster, but it earned Ford an estimated $7 million for his starring role.

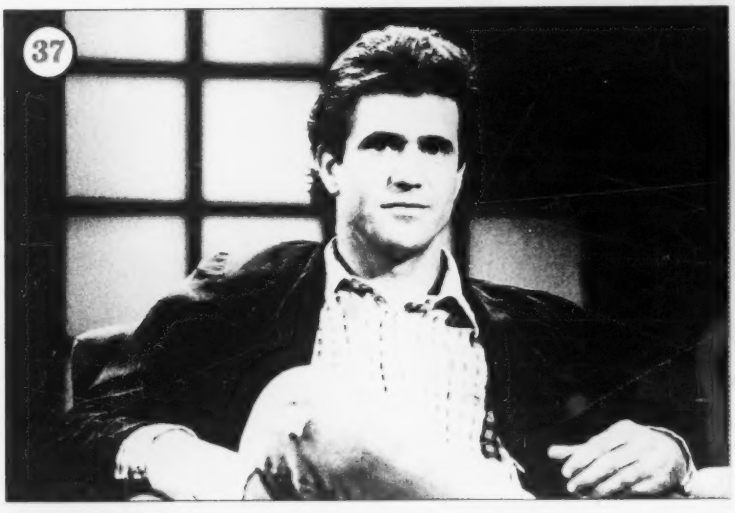
JIM DAVIS

2-year total income: $21 million

(1990: $10 million; 1989: $11 million)

This year was more of the same for Jim Davis, 45 — more cartoons of Garfield, the cranky orange and black cat; more stuffed Garfield replicas stuck inside car windows from coast to coast; and more money for Davis.

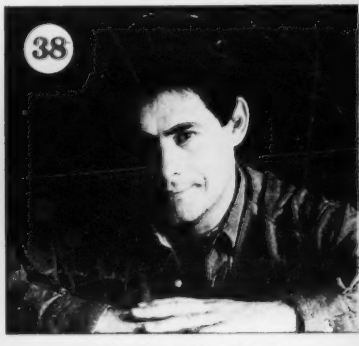




MEL GIBSON

2-year total income: $20 million (1990: $9 million; 1989: $11 million)

Having starred in three *Mad Max* movies and two *Lethal Weapon* actioners, Gibson, 34, managed to get an estimated $7 million for starring in this summer's *Air America*, a commercial dud. But don't expect to see him next year on the FORBES list. After completing filming of *Hamlet* recently, Gibson announced he's taking a year off.



CAMERON MACKINTOSH

2-year total income: $20 million

(1990: $8 million; 1989: $12 million)

This theatrical impresario, 43, produced the three biggest musicals of the 1980s: *Les Miserables* and, with Andrew Lloyd Webber, *Cats* and *Phantom of the Opera*. He canceled the New York opening of his latest London smash, *Miss Saigon*, in a dispute with the performers' union over casting. But with a record $25 million advance sale, the union backed down, and the show could go on next year.

GEORGE MICHAEL

2-year total income: $18 million

(1990: $7 million; 1989: $11 million)

British pop singer George Michael, 27, fell far from the number 10 position on last year's list. This year and last were comparatively dry for Michael, following a $36 million earnings performance in 1988. His big hit album back then was *Faith*, which sold about 20 million copies. Michael's latest, *Listen Without Prejudice*, is set for release in October.

GUNS N' ROSES

2-year total income: $17 million (1990: $4 million; 1989: $13 million)

This was a slow year for these Los Angeles-based hard rockers: no new records or concert dates. But fans may soon get another sampling of xenophobic, homophobic record lyrics from these tattooed wonders. The Gunners' new album on Geffen Records is expected early next year.

The Forbes Wall Street Review

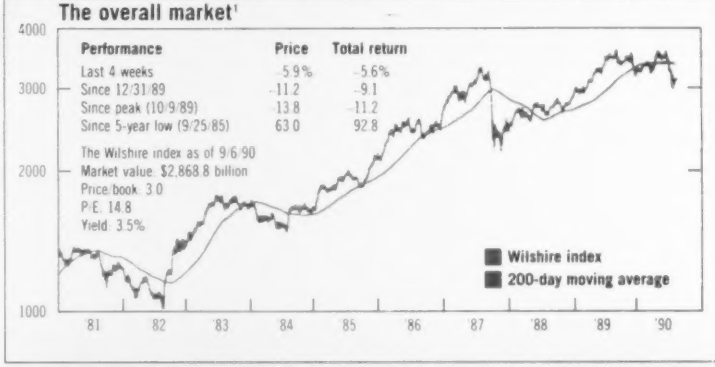
By Eric S. Hardy

"The Iraqi invasion is merely a political event, not something that's going to fundamentally change the financial markets," says Russell E. Thompson, manager of the $1.6 billion (assets) United Income Fund. Thompson has been standing pat on the market, and now has 20% of his portfolio in cash, against 65% prior to the October 1987 market crash. Thompson is keeping his eye not on the tanks in the desert but on the Federal Reserve. If the Fed loosens up the money supply, some financial companies will benefit. He cites Federal National Mortgage, Sallie Mae, Beneficial Corp. and Household International. All four have, in varying degrees, taken steps to insulate themselves from rate fluctuations by balancing assets and liabilities. But they remain sensitive to interest rates.

The Wilshire index of 6,000 issues is 4.3% higher (as of Sept. 6) than it was two weeks earlier. Stephen Leeb, editor of *Indicator Digest*, points out that, since 1968, almost all sudden and sharp market drops have been followed by bullish markets. "On average, after four-week declines of at least 10%, the market was 14.5% higher 30 weeks later," he says.

As the market recovered, gold stocks suffered. Right after Iraq's march into Kuwait, some gold stocks posted double-digit gains. In the last two weeks, five of the ten worst-performing stocks were gold issues.

The overall market[1]



The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Mylan Labs	19⅛	32%	23	2,883	0.9
NL Industries	13	30	6	786	2.4
US Surgical	52¼	26	38	1,376	1.2
Carnival Cruise Lines	17⅛	21	13	695	0.7
US HealthCare	19⅛	20	22	3,413	0.8

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
MNC Financial	5⅛	-29%	11	3,423	1.1
Oracle Systems	9⅛	-23	11	20,408	1.5
Amax Gold	15⅛	-19	46	331	1.6
Corona	5½	-17	18	5,166	3.0
Stone Container	10½	-16	3	1,743	1.1

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,038.04	4.3%
Wilshire index 6,000 stocks, equal weighted	18.73	3.8
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,596.29	4.5
S&P 500 Capitalization weighted cross section, major stocks	320.46	4.4
NYSE Capitalization weighted, all listed common stocks	176.06	4.3
Amex Capitalization weighted total return: stocks, warrants	324.50	2.7
Nasdaq Capitalization weighted, all issues except warrants	378.78	5.2
Amex international market index Capitalization weighted, 50 largest ADRs	298.00	3.7

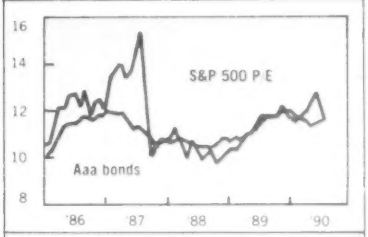
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	806.20	2.9%
Institutional[5] Approximately 200 stocks with high institutional ownership	97.56	3.3
Individual[5] Approximately 200 stocks with low institutional ownership	91.50	3.2
Russell 2000 index 2000 stocks with small market values, capitalization weighted	139.34	4.8
Gold[6] (composite quote of 6 major dealers)	$390.50	-5.2
Yen[6] (per $U.S.)	140.85	-3.7
Commodity index[6] (CRB futures index, 1967 = 100)	238.67	-2.1
Oil[6] (W Texas Intermediate)	$31.45	-1.6
T bills[6] (90 days)	7.38%	-14 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 9/6/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 9/7/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one-hundredth of a percentage point.

What the Analysts Think

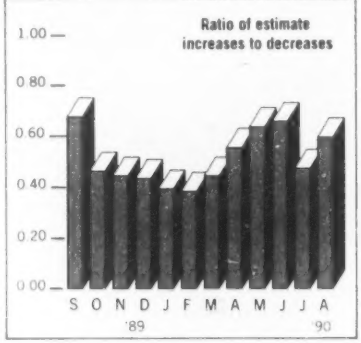
Edited by Steven Ramos

S&P 500 P/E* vs. Aaa bonds†



*S&P 500 P/E is the recent price of the S&P 500 divided by estimated earnings over the next 12 months. †Projected price-to-coupon ratio for Moody's Aaa corporate bond index.

S&P 500 companies



Forecasting the S&P 500

Year	Estimated P/E	% change current estimate vs. 3 months ago	Expected year-to-year EPS growth
1989†	13.2	NA	–5%
1990	12.1	–3%	8
1991	10.5	–3	15

1990 estimates for major industry groups

Rising estimates	Falling estimates
misc metals	airlines
defense electronics	machine tools
diversified chemicals	leisure time
hospital management	steel
international oil	diversified machinery

Wall Street isn't supposed to work this way, but it often seems that analysts forecast earnings with an eye on stock prices—down go prices, and down go the estimates. This makes some sense if you believe that the market does an excellent job of discounting future events. But it is a little irritating if you base an investment decision on numbers that turn to sand with every market swing.

Immediately after the 1987 market crash, security analysts began slashing earnings estimates. It's happening again now. In the last few weeks, estimate cuts have been pouring into the Institutional Brokers Estimate System. "The numbers are being cut quite heavily, and I suspect that it is going to continue for a while," says Richard Pucci, IBES database director.

Anticipated 1990 earnings on the S&P 500 index have been cut from $27.36 to $26.40, meaning that the index is priced at 12 times estimated 1990 earnings. If the experts' new projections are right, the earnings of the S&P 500 will increase 8% over 1989, rather than the 12% gain they were talking about not long ago. The analysts are also saying corporate earnings will be up another 15% next year, but that, too, is subject to revision.

Who's Hot

These companies show the greatest increases in estimates over the past three months.[2]

Company/industry	1989 EPS	1990 estimate recent	1990 estimate 3-mo chg	P/E	3-mo price chg	Reason
Magma Copper/nonferrous metals	–$1.86	$1.57	57%	4	18%	Record output from refineries plants
Vons Cos/supermarkets	–0.77	0.93	41	20	–17	Benefits from acquisition of some Safeway Stores
Lyondell Petrochem/spec chemicals	4.67	4.69	36	4	–18	Higher refinery margins
Dell Computer/computer equip	0.28	1.24[3]	29	9	0	Increased acceptance of its 386 and 486 computers
Quantum/computer equip	1.73	2.52[3]	26	7	–14	Increased sales of 3½-inch disk drives

Who's Not

These companies show the greatest decreases in estimates over the past three months.[2]

Company/industry	1989 EPS	1990 estimate recent	1990 estimate 3-mo chg	P/E	3-mo price chg	Reason
CalFed/savings & loan	$3.23	$0.48	–84%	19	–55%	Deteriorating asset quality
Texas Instruments/semiconductors	3.04	0.30	–77	93	–30	Lower semiconductor prices
Cummins Engine/machinery	–1.72	0.73	–62	55	–27	Slow demand for heavy-duty trucks
Bank of Boston/banking	0.83	0.81	–58	11	–38	Soft real estate market
Mentor Graphics/computer-aided engin'g	1.22	0.55	–57	25	–44	Declining orders from areospace & computer customers

[1]Actual. [2]Companies with market capitalization of $100 million or more. [3]1991 estimate. Earnings projections are Wall Street consensus estimates data from 3,000 security analysts compiled by the Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan Investment Services. Aaa bond yield forecasts supplied by Blue Chip Economic Advisors. NA: Not available.